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## FOREIGN INVESTMENTS—DISCUSSION

YU TINN HUGH.—It seems to me that an international investment policy that would work for the mutual benefit of both the creditor and debtor nations from now on must be based on justice. This is particularly true in the formulation of an investment policy toward China.

The present international investment policy toward China is based on international jealousy and intrigue, with the result that China is divided up into spheres of influence, viz., the south is claimed as the French sphere, the western and central parts as the British sphere, the northeast as the Japanese sphere, and the northwest as the Russian sphere before the ascendency of the Bolshevist régime in Russia. Theoretically there is an open-door policy in China, but practically this policy has never been in existence. In the regions like Manchuria, Shantung, and elsewhere, where the Japanese had obtained a foothold, the door is closed to international trade; as the Japanese government usually controls the railroads of these regions and gives all kinds of special trade privileges to her own nationals, such as rebates on freight rates, delay in the delivery of foreign goods which are competing with Japanese goods, opening the letters of competitors to remove their bills of lading and checks by a steaming process and the like; thus driving out, not only foreign traders, but even Chinese traders themselves.

Furthermore, other nations possessing spheres are very jealous of their rights, and attempt to prohibit the traders of each other from entering the region and to hinder each other's investments in that region, except as special agreements are made. Then each and every nation which is interested in the economic exploitation of China influences the Chinese government from time to time,—either through pressure, like the Japanese, or through persuasion, like the British,—to obtain further concessions or spheres of influence. With this system in existence international jealousy and intrigue, leading to international wars, is inevitable.

The only solution of this complicated problem is to organize an international investment bureau, on which every nation interested in investments in China would be represented, to decide on a policy of justice, and in particular to abolish the spheres of influence in order that international jealousy and intrigue may be removed. Every nation interested in investments in China should have one representative on such a bureau, and China, the borrowing nation, should also be represented. If a loan is for the development of China, she should have representation equal to that of all the other powers combined, in supervising the use of the funds, the object for which they are to be applied, their repayment when due. If a loan is applied to another undeveloped country the same rule should be applied to that other nation. In this way international jealousy and intrigue would very likely come to an end, and, in fact, this is the only harmonious solution of the problem of the investments of the powers in China.